



News Release

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SBA's Small Business Loan Programs Receive Significant Boost

President Bush signs bill making more than \$21 billion in loan financing available; agency programs also reauthorized

WASHINGTON – President George W. Bush today signed legislation making more than \$21 billion available to small businesses through the SBA's two main loan programs. The legislation also reauthorizes the agency's programs and provides a \$580 million budget for fiscal year 2005.

The SBA's flagship 7(a) loan guarantee program was boosted to a \$16 billion level, \$3.5 billion above what the program provided last fiscal year, when a record \$12.55 billion in financing was made to small business. Additionally, the government loan guarantee increased from \$1 million to \$1.5 million and the program will now operate without a congressional appropriation or at zero subsidy, meaning that the program will be self-supported through modest fees paid by lenders and borrowers.

An additional enhancement to the 7(a) program was Congress' action to make the popular SBAExpress program permanent, raising the maximum loan size to \$350,000 with a 50 percent government guarantee.

"I would like to thank Senator Frist, Speaker Hastert and Small Business Committee Chairs Snowe and Manzullo, and our banking partners for working with the administration to strengthen the 7(a) program," said SBA Administrator Hector V. Barreto. "This is an important win for small businesses and will ensure long term stability to the program."

Congressional action included expanding the agency's 504 loan program up to the \$5 billion level, and raising the maximum loan size for manufacturers to \$4 million. The 504 loans may be used for the purchase of real estate, buildings and machinery.

Other highlights in the bill include \$3.250 billion for SBIC debenture financing and funding for the microloan and HUBZone programs. The SBA's disaster program, instrumental in the assistance provided after the rash of hurricanes this past summer, previously received supplemental funding.

In the area of entrepreneurial development, the Small Business Development, SCORE and Women's Business Centers were reauthorized and funded at the same levels as last year. The bill also provides funding for the veterans and Native Americans programs.

"The SBA had a record breaking year in the number of loans and technical assistance it provided to entrepreneurs last year and we're poised to do even better this year, particularly in our loan programs," Administrator Barreto said. "Under President Bush's leadership, we will continue to move in a direction of more efficient and effective delivery of our products and services. In the long term this is good for the American taxpayer and for small businesses."

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